



CITY OF HUNTINGTON BEACH

City Council Interoffice Communication

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To: Honorable Mayor and City Council Members

From: Dave Sullivan, Mayor Pro Tem DS

Date: November 14, 2005

Subject: **H-ITEM FOR NOVEMBER 21, 2005, CITY COUNCIL MEETING –
PREVAILING WAGE**

STATEMENT OF ISSUE:

At a City Council/Finance Board Study Session on October 17, 2005, the Finance Board recommended that the City Council:

1. Adopt a policy to accept non-prevailing wage bids whenever possible.
2. Provide staff the option of sourcing funds in the budget that would maximize opportunities to obtain non-prevailing wage contracts.

The Finance Board indicated that the City could save over \$1 million per year by eliminating its prevailing wage policy. Various union officials presented a different viewpoint.

RECOMMENDED ACTION:

1. Direct the Finance Board to:
 - Seek input from interested parties regarding the many studies on prevailing wage. Determine how the Federal Government calculates prevailing wage.
 - Determine what cities of over 100,000 population do not use prevailing wage.
 - Determine how the California Director of Industrial Relations calculates prevailing wage.
 - Evaluate the arguments for and against prevailing wage.
 - Estimate what savings, if any, can be realized in all areas in addition to maintenance contracts; e.g., Public Works projects, Professional Service contracts, etc.
 - Make a report and recommendation to the City Council on the prevailing wage issue.
2. Direct staff to provide the necessary support to the Finance Board in order to complete its task.

DS:cf

xc: Penny Culbreth-Graft, City Administrator
Joan Flynn, City Clerk
Paul Emery, Deputy City Administrator
Chuck Thomas, Acting Deputy City Administrator
Dan Villella, Finance Officer

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